

Two U.S. House lawmakers expressed frustration Tuesday that their bipartisan bill to replace mortgage giants Fannie Mae (FNMA) and Freddie Mac (FMCC) has yet to move forward, describing their approach as a practical rather than ideological one.

The lawmakers, **Rep. John Campbell (R., Calif.)** and Rep. Gary Peters (D., Mich.), last month introduced legislation to replace Fannie Mae and Freddie Mac with at least five private companies. Under their approach, those entities would perform a similar function to Fannie and Freddie, issuing mortgage-backed securities with an explicit federal guarantee that investors will be paid even if borrowers default. The firms would pay a fee for government backing to finance a catastrophic insurance fund, much as the Federal Deposit Insurance Corp. levies fees and handles bank failures.

The legislation, however, has so far not gained traction among key House Republicans, who want to create a housing system that does not rely on federal support. Critics say the Campbell-Peters proposal is too similar to Fannie and Freddie, whose rescue has cost taxpayers \$138 billion so far.

Campbell, speaking at a mortgage-securities conference in Washington, said he has not been able to get his GOP colleagues in the House Financial Services Committee to schedule a hearing on the bill. Opposition, he said, is coming from "reflexive ideologues" who automatically rule out federal backing of the mortgage market.

Without that backing, **Campbell said, "we're going to lose the 30-year fixed (rate)mortgage" and fall into a severe depression.**

Republican who have advanced bills to build a mostly private mortgage-finance system, while Democrats say the government shouldn't abandon the mortgage market. Campbell and Peters, however, say a compromise is possible.

Campbell said in an interview that he hasn't received a clear answer from Rep. Spencer Bachus (R., Ala.), the financial services panel's chairman, on how he plans to proceed but has met with resistance from Rep. Scott Garrett (R., N.J.), who heads the subcommittee that

handles Fannie and Freddie.

Other Republicans, he said, would like to support his approach but are hesitant to buck party leaders.

"Being in the middle is a lonely place to be," Peters said. "Ideology is fine, but ideology doesn't work very well to solve problems."